Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Letter of Transmittal

The Honourable Helen Maksagak
Commissioner
Government of the Northwest Territories

Dear Madam:

I have the honour of presenting the Annual Report for the Northwest Territories Housing Corporation, covering the period April 1, 1996 to March 31, 1997.

Respectfully submitted,

Goo Arlooktoo
Minister Responsible for the Northwest Territories Housing Corporation

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Greetings from the Minister

Bringing home the dream...

We look to the future from the past, and as our recent history shows, the North has a lot to deal with in the next few years as Nunavut and the new millennium approach.

Our housing needs are increasing at a time when funding is scarce, and when our population is growing. To meet this challenge we developed a new strategy called Plan 2000. It aims to assist 2,000 families by the year 2000.

To prepare for the future, the North needs healthy communities. A healthy community depends on favourable social and economic conditions. Poor housing will result in poor social and economic performance; but adequate, suitable and affordable housing will create the peace of mind and well being that are the hallmarks of a healthy community. This is why housing is so important.

An adequate, secure house is the centre of family life. It provides privacy for students to do home work, as well as the warmth, independence and stability for family growth. The family unit provides stability to the community. A community in disarray is one where family lives are turbulent. This is the most important reason for delivering social housing and home ownership programs. Building houses requires material and labour, and this provides other benefits to the North in the form of jobs and economic development.

Housing helps the North develop healthy communities and a strong economy. Housing is more than just construction, it's bringing home the dream.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
President's Message

Change sweeps over the Northwest Territories...

1996 was a year of hard work for the Corporation. Our smaller operations forced a shift in programs. The Corporation developed Plan 2000 and settled negotiations on the transfer of the administration and management of federal social housing responsibilities.

As of April, 1997, the Corporation received the responsibility for the administration and management of Canada Mortgage and Housing Corporation's northern portfolio. It is a 40-year deal that saw the Corporation receive $91 million as the first installment of declining annual payments, totalling $2.2 billion. This allows us to develop long-term housing plans, and eliminate overlap and duplication between the Territorial and federal housing agencies. The agreement allows us to transfer more authority to the communities in preparation for self-government.

This is important because housing needs are projected to grow, and local housing solutions will be important in tackling the problem. The 1996 Housing Needs Survey showed that there was a severe demand for social housing in the Northwest Territories.

The 1996 Housing Needs Survey will provide the information for local input into Territorial housing solutions. The survey details individual community housing needs, information which can be used by the Local Housing Organizations and the community leaders, in cooperation with the Corporation, to develop local solutions.

Local guidance will be the key to a successful housing campaign under Plan 2000. Local participation helps the Corporation develop effective solutions so that northerners receive adequate, suitable and affordable housing. And because we now have full responsibility for housing in the Northwest Territories, we have the flexibility to work in partnership with communities to meet their housing challenges.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Mandate, Corporate Vision, Mission

Mandate

The Northwest Territories Housing Corporation will work in partnership with communities in providing, developing, maintaining, and managing housing in accordance with the Northwest Territories Housing Corporation Act.

Corporate Vision

The Northwest Territories Housing Corporation is committed to working in partnership with communities, and to providing opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided for all community residents to have homes that support a healthy, secure, independent and dignified lifestyle.

Mission

The areas where the Northwest Territories Housing Corporation is responsible for achieving acceptable results are:

- communities delivering their own housing programs;
- providing training, advice, support and financial assistance to Local Housing Organizations;
- promoting individual independence with increased responsibility and accountability;
- working toward flexible and innovative approaches to housing Northerners;
- facilitating the design, construction and financing of houses; and
- promoting the establishment and growth of private housing markets and the Northern economy.

104-05901/

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Corporate Programs

The overall objective of our Corporate programs is to help individuals and families get homes according to their need. We define need by our clients' ability to pay for their own housing, to find the right home for the family size, and the condition and equipment in the home. With communities taking more responsibility for developing and administering housing programs, the Corporation expects that the overall objective of our programs will still be achieved. Communities, however, will have more control and will take more responsibility for achieving the objective.

Programs fall into three main types: Assisted Rental Programs, Assisted Homeownership Programs, and Financing Programs.

Assisted Rental Programs

The Assisted Rental Programs provide rental homes to households in need at subsidized rental rates that are geared to income. The Corporation now has over 5,800 units, some of which were inherited from earlier Federal and Territorial Programs (Northern Rentals). Most were built in partnership with Canada Mortgage and Housing Corporation (Public Housing), while some are leased from the private sector (Rent Supplement Program), and some are set aside for senior citizens (Seniors' Independent Living Strategy). The operation and maintenance of rental housing is administered by Local Housing Organizations (LHOs) through operating agreements and the Corporation's financial contributions.

The Seniors Independent Housing Initiative supplies 16 units per year in conjunction with the Department of Health and Social Services, which promotes independent living for senior citizens. As well, we have programs to ensure that LHOs have facilities (Warehouse and Office Program) and equipment (Housing Association/Authority Mobile Equipment Program) to do their work.

The Corporation's contribution to the LHOs for fiscal year 1996-97, for the operation of the 5,868 rental units, amounted to $81.14 million. This funding was provided under the new block funding arrangement with the LHOs and was a reduction of $4.957 million (5.7 per cent) from the 1995-96 contribution of $86.097 million. On a per unit basis this equates to an average funding of

$13,828 for 1996-97, which is $844 less than the average funding of $14,672 for 1995-96.

In response to the reduced funding provided to the LHOs, actual expenditures fell to $91.106 million for 1996-97 from $97.359 million in 1995-96. Actual revenue increased to $10.026 million in 1996-97 from $9.58 million in 1995-96. On a per unit basis this equates to average expenditures of $15,526 for 1996-97, a reduction of $1,065 from the 1995-96 average of $16,591. Average revenue per unit increased by $76 to $1,708 from $1,632.

Other programs are available to LHOs to aid them in operating the rental programs. These programs include the Modernization and Improvement Program for major repairs and replacement of rental houses, the Fire Damage Repair/Replacement Program, and the Weber Retrofit Program for major repairs and upgrading to early public housing units (Weber design).

Assisted Homeownership Programs

Families who can afford the operating expenses of a home may receive help through one of the Corporation's Homeownership Programs. Help is available to get a new home or make repairs to an existing home.

This help may be in the form of a grant provided up-front or a subsidized mortgage, depending on the program. The mortgages require repayment by the client based on household income, with a monthly subsidy provided by the Corporation where required.

The Corporation has 688 repayable mortgages on the books at a gross value of $74.2 million as of March 31, 1997. Of this amount, the clients repayable portion of the mortgages net of subsidy is $16.7 million or 23 per cent. This significant level of subsidy clearly indicates the Corporation's commitment to housing lower income northerners in their own homes.

Purchase Program

The Purchase Program enables clients to purchase a house from the NWT Housing Corporation. The cost of the house is repaid by the client according to household income over a 15 year period. Under the Purchase Program, the client must first lease the house for a minimum of two years to determine if they are capable of assuming the responsibilities of homeownership.

When a client successfully completes the lease period, ownership of the house is then transferred to them. The client then continues making mortgage payments according to household income for the next 13 years.

The Purchase Program is designed for clients who do not have the skills or resources to assist in the construction of their own house but have sufficient income to afford homeownership. The client is required to make monthly mortgage payments as well as paying for the costs of fuel, power, water delivery, sewage disposal and insurance directly to the suppliers. The client is also responsible for the regular maintenance of the house.

Owner Build Program

The Owner Build Program enables clients to purchase a house from the Corporation, to which labour credits are applied to reduce monthly mortgage payments. The cost of the house is repaid by the client according to the household income over a 15 year period.

The Owner Build Program is designed for clients who have the skills and resources to participate in the construction of the house. The building project is broken down into tasks, each of which is assigned a credit value. Clients who choose to participate in the Owner Build Program must contribute a minimum of 20 labour credits up to a maximum of 80 labour credits toward the construction of the house.

By contributing labour credits toward the construction of the house, the client reduces the cost of the house. It also reduces the amount they are required to repay each month as a mortgage payment to the Corporation.

When construction of the house is complete, ownership of the house is transferred to the client. The client is then responsible for making a monthly mortgage payment as well as paying for the costs of fuel, power, water delivery, sewage disposal, taxes and insurance directly to the suppliers.

Clients who wish to participate in the Owner Build Program are counselled by Corporation staff. This ensures clients have the skills and resources to complete the labour tasks they have committed to complete.

Downpayment Assistance Program

The objective of the Downpayment Assistance Program is to assist clients whose incomes are below the Core Need Income Threshold to obtain homeownership through conventional financing. This is achieved by providing down-payment assistance to clients so they can obtain suitable, adequate and affordable housing through private financing from a bank.

The Corporation recognizes that some clients whose incomes are under the Core Need Income Threshold could acquire private homeownership if their monthly mortgage payment was affordable. To make this possible, the Corporation

provides downpayment assistance to reduce the monthly operating expenses for those clients who wish to buy or build their own stick built home.

The level of assistance available varies depending upon the community and the cost of the home being bought or built. The client must qualify for a private mortgage, with a 25 per cent down payment from the Corporation, in order to be approved for the program.

The maximum amount of assistance a client receives from the Corporation is set at 25 per cent of the cost of purchasing an existing home or the construction of a new home.

Up to five per cent of the home's value is provided as a grant, with the balance (20 per cent), being provided as a Forgivable Loan. The Forgivable Loan portion is written off over a 15 year period.

Forgivable Loan

In many communities in the Northwest Territories, families who can afford private homeownership are reluctant to build a house due to the lack of a functioning housing market in their community.

To promote homeownership in communities that do not have viable housing markets, the Corporation is offering forgivable loans to potential homeowners. Providing forgivable loans will act as an incentive to encourage potential homeowners to build a new home in their community. The amount of forgivable loan a client can receive is based on their household income and the difference in construction costs between their home community and Yellowknife. The forgivable loan is forgiven over a 15 year period.

Direct Lending Program

A Direct Lending Program is for clients who intend to purchase or build a house on Indian Affairs Branch (IAB) land. This assistance is necessary because banks will not grant mortgages on IAB land due to the lack of suitable land tenure. Clients must meet standard banking criteria for mortgages and have a satisfactory credit rating.

Sale of House Materials Program

To promote homeownership in the Northwest Territories, the Corporation sells housing materials packages. Clients can purchase the same housing materials packages that the Corporation uses in the Purchase and Owner Build Programs. Experience shows that one of the difficulties identified by northern residents in accessing homeownership is organizing the shipment of building materials, particularly to the more remote communities in the Northwest Territories.

The Sale of Housing Materials Program requires a client to pay for the entire cost of the housing material package plus freight and applicable tax before the NWT Housing Corporation orders the materials package.

Clients receive assistance by benefiting from the Corporation's expertise in transporting construction materials to remote locations.

Interim Financing Program

The Interim Financing Program provides interim or bridge financing of up to 85 per cent of the principal amount of an approved mortgage to a homeowner/builder who cannot get similar financing from a bank. Many banks are reluctant to provide this form of financing because a client is not building the house on their own.

Many banks consider Interim Financing for new construction too "high a risk." They will only make financing available to a client when construction of the house is complete. To lessen this problem, when clients cannot obtain interim financing from a bank to build their house, the Corporation will provide this service.

Northern Territorial Rental Purchase Program

The Northern Territorial Rental Purchase Program gives clients the opportunity to purchase Northern Rental houses at an affordable price. To determine the purchase price of the house, the Corporation depreciates the initial cost of the house by 5 per cent for each year after the house was built. In addition, a percentage of the rent that has been paid by a client over the years is applied to further reduce the cost.

Clients who purchase houses under the Northern Territorial Rental Purchase Program may also apply to receive help under the Corporation's repair programs to bring the house up to standard.

Alternative Housing Program

A significant number of households in the NWT are encountering unique housing problems which cannot be solved by the Homeownership or Public Housing Programs. Many people lead a very independent traditional lifestyle. The objective of the Alternative Housing Program is to assist households with unique housing problems to obtain modest, simply constructed shelter where existing housing programs do not meet their housing needs.

Household incomes for many families across the NWT are very low due to the lack of conventional employment opportunities in smaller communities and the pursuit of traditional lifestyles. The need has been identified for housing units to

be constructed which are affordable to operate and designed to be compatible with the resident's traditional lifestyle.

The NWT Housing Corporation recognizes that while its Homeownership and Public Housing Programs are popular, they do not solve unique housing problems experienced by some families. These problems include, but are not limited to:

- many households lack the physical and financial capability to build their own home, even with ownership assistance;
- a number of communities in the western region of the NWT do not have public housing, therefore, this form of housing assistance is not an option for many households; or
- where public housing is available, many households have difficulty adapting to living in public housing or refuse to participate in the program as it is perceived by many households as limiting their self-reliance and dependency.

The assistance the household receives from the Corporation comes in the form of a forgivable grant. The grant is used to construct a basic one or two bedroom house, normally without conventional heating, plumbing and sanitation systems. To keep utility costs to operate the unit to a minimum, the unit generally has neither pressurized water systems nor forced air furnaces. Instead, water tanks, basic sewage systems and wood stoves or oil-fired space heaters are installed in the unit.

The Alternative Housing Program is a practical and inexpensive approach in providing basic, modest shelter.

The Corporation continues to unilaterally fund the Alternative Housing Program.

Senior Citizens Home Repair Program

The Senior Citizens Home Repair Program (SCHRP) provides financial help to Senior Citizens who own and occupy their own home. The financial help the client receives from the Corporation comes in the form of a grant. The maximum grant amount is $7,500, and must be used to repair the client's home in order to improve their living conditions. In addition to providing the basic grant, the Corporation will pay all applicable freight costs for materials to the client's home community.

Home Improvement Program

The Home Improvement Program provides financial assistance to owners of existing housing which needs repair or improvement. The assistance comes in

the form of a loan, which is repayable according to the client's household income over a 15 year period.

The level of financial assistance available under the Home Improvement Program is divided into two categories. The first category of aid provides enough financial help to undertake repairs of a major nature to bring all aspects of the house up to standard. The second category of assistance provides a lesser degree of financing to undertake such repairs as roof replacement or repairs needed as a result of deferred maintenance.

Emergency Repair Program

The Emergency Repair Program (ERP) provides financial assistance to clients in existing private homes to undertake emergency repairs that are required for the safe occupancy of the house. The nature of repairs is limited to repairs which are urgently required to make the house fit for human habitation, rather than to restore the house to the minimum property standards. The financial aid is in the form of a grant to a maximum of $8,000.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Achievements in Change

Highlights from 1996/97

The Northwest Territories Housing Corporation continues to meet the challenges of housing Northerners in a rapidly changing environment. New fiscal realities within the Federal and Territorial governments have meant changes in the way the Housing Corporation sees its role and carries out its business. We are proud that the Corporation is an organization responsive to changing times.

The New Transfer Agreement

Over the years 5,800 social housing units were developed in the Northwest Territories under various programs, some of which were administered by CMHC, and others by the NWTHC.

In 1996, negotiations with CMHC occurred, leading to an agreement being signed to transfer the management and administration of all federally cost-shared social housing in the Northwest Territories. This was a major accomplishment.

Under the new Canada Mortgage and Housing Corporation-Northwest Territories Housing Corporation agreement, the North will receive social housing funding from the Government of Canada for each year, based on agreed 1995/96 levels for the remaining term of the commitments for social housing units currently making up the portfolio in the Northwest Territories. These commitments, made over a period of 40 years, will expire on a staggered basis during the first half of the next century. This federal support will provide stability and predictability to the provision of social housing programs and its administration in the Northwest Territories in future years.

The Transfer Agreement will provide communities with more simple and flexible administration requirements for housing. Over the past 20 years or so, both the Northwest Territories and Canada, through NWTHC and CMHC, have been active in program delivery and ongoing program management. The latter activity involved annual reviews of project statements, cyclical on-site physical inspections and client visits to review operational performance. Some project sponsors had to report to both NWTHC and CMHC for different portions of their portfolios. Such duplication will no longer exist, producing substantial efficiencies in program administration. Project sponsors are expected to continue to meet

government accountability requirements, but over time the NWTHC will introduce new approaches to improve program efficiency and effectiveness.

1996 Housing Needs Survey

The Northwest Territories Housing Corporation's 1996 Housing Needs Survey was completed in the winter of 1996. The last comprehensive housing needs survey in the Northwest Territories was completed in 1992.

Survey findings are used by the Corporation to assess changes in housing conditions and needs, as well as to assist in the targeting of housing resources to communities for initiatives such as Plan 2000. The survey will provide communities with the information needed to make decisions on where funding should be directed to address the specific housing problems and needs identified.

Community participation played a key role in the development and administration of the 1996 survey. The Corporation, in partnership with community organizations, designed a survey questionnaire that focused on creating an accurate assessment of housing needs in each community. By assisting in the completion of the survey, communities demonstrated their commitment to help develop and implement appropriate community-based housing solutions.

The overall number of households in need increased between 1992 and 1996. This is not surprising given the factors of rapid population growth; reduced funding for social housing by the federal government; and fiscal constraints faced by the Government of the Northwest Territories.

The survey results show that there are 4,350 households in need across the Northwest Territories, compared to 3,500 in 1992. Overall needs have grown, reflecting the nation's highest birth rate, and nationwide economic realities resulting in population mobility. The result is our population has expanded, the number of families has grown, and their needs have changed . In some communities, for example, there's no need for additional new houses but rather for renovations or repairs to make the units suitable or adequate.

The Corporation changed its program focus significantly over the last five years in response to the elimination of federal funding for new social housing. The Corporation increased and changed its Homeownership programs so more families can access them, freeing up social housing units for families with lower incomes.

Plan 2000

Plan 2000 is an innovative strategy to improve housing conditions for up to 2000

Northwest Territories families over the next three years. To reach this goal, the Corporation will work through a combination of new housing construction; repairs for homeownership units; major repairs for rental housing and some Northern Rental unit replacements. One Plan 2000 principle is to make it as easy as possible for clients to access private financing. Another is to make it easier for more Band Members to build homes on Band Land in their home communities without tying up Corporation capital resources. Initiatives under Plan 2000 include encouraging clients in public housing to consider home ownership through contributions ranging from five to 70 per cent of the purchase cost under the Expanded Down Payment Assistance Program (EDAP). EDAP allows clients to choose any style of home and work with a local contractor and the banks to build and finance it. This will free up more public housing for other families.

Renovation options and upgrades for housing may include providing water and sewer systems to units that lack them. Also to reduce crowded living conditions, provisions have been made under Plan 2000 to construct additional bedrooms to existing housing units. Plan 2000 includes replacing "matchbox" units and other inadequate Northern Rental units. Plan 2000 is expected to boost new housing starts and create 1,000 seasonal construction jobs in smaller communities over the next three years. Plan 2000 will also help support jobs in manufacturing since new homes and renovations will include northern manufactured components.

Plan 2000 is a housing strategy that will benefit northern communities as a whole from the individual worker and large contractor to a single mother or entire family.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report
Working Up Through the Ranks

The power of persistence...

CAMBRIDGE BAY - David Akoak, the Director of the Northwest Territories Housing Corporation's Kitikmeot District Office, is a 10-year veteran of the Corporation, having risen from a project officer trainee in his home town of Gjoa Haven. During this period, he spent time in Spence Bay, Cambridge Bay, Inuvik, Norman Wells and returned to Cambridge Bay last year. His family has grown along with his career expansion. His oldest son is 10, and his other children are 8, 6 and 2. Luckily, his family has supported his career, as well as his moves: "I think that's quite important. They've been quite supportive and patient with me moving around all over the place."

In fact, a lot has changed since David began working for the Corporation. The transfer of authority to the community, streamlining the home ownership programs, and increased bank financing have set the tone for future housing. The creation of Nunavut in less than two years suggests more changes: "They're looking at decentralizing government and amalgamating departments."

However, the problems remain the same and the housing shortage in small Arctic communities is especially acute due to crowding and a lack of water and sewer facilities. "And we have a lack of employment in the communities blocking people from obtaining mortgage financing in the private sector."

What about solutions? They seem to be few, but he believes that the private sector must build more apartment housing as a solution. "We have to take advantage of the private sector to build housing at their own expense, really," David comments.

He also suggests that district offices work more closely with other agencies since educational and social performance of a community can be directly tied to housing availability.

In that vein, David has reorganized the district office in Cambridge Bay, making housing more coordinated and responsive to the region's needs. Combining the local housing knowledge and his own easy-going attitude, David has converted his staff's expertise into a team ready for change under Nunavut. "I think

community empowerment is leaning that way, empowering the communities so they can resolve their own local issues."

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

Jean Sanderson

Homegrown experience and team effort...

FORT SMITH - Bringing experience and knowledge home to enrich a community is an emerging theme in the Northwest Territories, and it's embodied in Jean Sanderson, the Secretary-Manager of the Fort Smith Housing Authority.

Mrs. Sanderson was born in nearby Fort Chipewyan and raised in Fort Smith until she left at the age of 22 with her husband Bob. Before returning home three years ago, together they spent 25 years travelling - three years in Cambridge Bay, eight years in Whitehorse and 13 years in Yellowknife, among other places. They raised three children -the oldest son just got married, is going to the University of Lethbridge to complete a business degree and plans to study law; a daughter is working towards a degree in social work; and the youngest son attends Grade 11 in Fort Smith. Mrs. Sanderson has one grandchild.

As a manager, she possesses a fierce and diplomatic tenacity, and excellent business sense. Until Mrs. Sanderson arrived, her staff had inadequate computers and were still running computers with slow 286 microprocessors. Through tough negotiating, the office received new computers. Mrs. Sanderson found that the staff also needed a new direction, so she mustered up her energy and business sense to give it to them.

It seems to be the type of will required to manage Fort Smith's public housing portfolio of 122 units. She speaks frankly of local successes and challenges, about public housing clients who eventually bought their own home, to troubled clients who damage their units, clients who pay rent sporadically, and the urgent need for more two bedroom units to accommodate more single parents, new families starting up, and independent seniors. She wants to convert vacant four bedroom units and other split-level homes into separate two-bedroom units.

It's the type of common sense approach she has used in her long career, which has also given her a financial background and strong interpersonal skills. She knows the value of team work, too, running a "tight ship" with the support of her three office and four maintenance staff, who are all local residents.

"I try to treat clients with respect and sensitivity, and try to get our staff to do the same," she says.

A tour of the public housing units shows well-maintained and clean homes.

"We have a strong foreman who takes the bull by the horns," Mrs. Sanderson says. "If you hand out run-down houses they will remain like that and then eventually the houses will be worthless."

She is clear about what the Housing Authority must do for Fort Smith: help people to "take pride in their home and themselves and to use us as a stepping stone to independence."

Guaranteeing that success requires four factors, though, and she describes them: Knowledge, Teamwork, Experience and the support of the Northwest Territories Housing Corporation.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

Building a House to Settle His Family

Home is where the heart is...

ARVIAT - Jose Illnik's new home sits on the southern edge of town. The gravel pad marks the beginning of the tundra, which stretches out into the horizon. His new house gives him a view that has been long in coming.

Inside the home, Jose is content and happy, taking a break from his job as an electrician at Leonard & Associates, Arviat's main contractor. His house is a three bedroom bungalow, completed in February 1997. Jose built the unit himself, even installing plumbing and the electrical systems, in seven months. Because he had been working full-time, he had to work on the house after-hours. Understandably, completing the house was a relief for him and his family.

"It's a great feeling," he says. "It's a nice feeling; you built it."

It also meant that he, his wife Sharon, and his two children, aged 7 and 3, could finally settle down. Previously they had lived in government housing, with his brother in his HAP house, as well as at the church in Arviat, among other places. "We finally got to unpack our stuff," Jose says.

"It took me a really long time to get used to it, but Sharon felt right at home as soon as she moved in," he adds.

The house has interesting design features, such as locating the kitchen so that there is open space between it and the living room, shelf lighting under the cabinets, and the furnace room has been relocated from its central position in the hallway to near the porch behind a closed door. The overall result is that the house is quieter and has a generously spacious feel to it.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Goo Arlooktoo
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and for issuing his report thereon.

Yellowknife, NT
June 27, 1997

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 1997 and the statements of operations, equity, and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1997 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Northwest Territories Housing Corporation Act and the Financial Administration Act.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

BALANCE SHEET
as at March 31, 1997

ASSETS

	1997	1996
	(thousands of dollars)	
Current		
Cash	$2,050	$6,660
Short-term investments (*note 3*)	58,517	19,904
Accounts receivable		
Other	2,255	3,252
Government of the Northwest Territories	37	684
Canada Mortgage and Housing Corporation	-	9,916
	62,859	40,416
Investment in housing projects		
Land and buildings (*note 4*)	170,286	191,311
Mortgages receivable (*note 5*)	16,674	6,476
	186,960	197,787
Property and equipment (*note 6*)	10,070	9,579
	$259,889	$247,782

LIABILITIES

	1997	1996
	(thousands of dollars)	
Current		
Accounts payable		
Trade	$6,786	$7,256
Canada Mortgage and Housing Corporation	13,228	-
Government of the Northwest Territories	-	345
Accrued interest	1,519	1,612
Due to the Government of the Northwest Territories (*note 7*)	5,438	1,739
Unapplied capital contributions (*note 8*)	28,439	19,566
Contractors' holdbacks	1,268	1,991
Current position of long-term debt	1,279	1,195
Current position of leave and termination benefits	1,002	916
	59,031	34,620
Long-term debt (*note 9*)	90,539	91,818
Leave and termination benefits	708	1,333
	150,278	127,771

EQUITY

Government of the Northwest Territories	109,611	120,011
	$259,889	$247,782

Commitments (*note 13*)

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

STATEMENT OF OPERATIONS

For the year ended March 31, 1997

	1997	1996
	(thousands of dollars)	
Expenses		
Contributions to local housing organizations for public housing	$81,140	$86,097
Mortgage write-off	30,681	8,562
Repairs, maintenance, grants and other costs	23,372	16,036
Administration (Schedule of administration expenses)	16,127	20,112
Staff housing	14,477	1,307
Amortization	9,140	9,187
Interest on long-term debt	6,428	6,520
Provision for impaired mortgages	5,843	(379)
Workshops and studies	260	253
	187,468	147,695
Revenues and recoveries		
Contribution from the Government of the Northwest Territories (*note 7*)	72,245	72,477
Recoveries from Canada Mortgage and Housing Corporation (*note 11*)	49,859	50,639
Recoveries from the Government of the Northwest Territories for staff housing	14,041	1,307
Gain on disposal of land and buildings	13,070	324
Interest and other revenue	6,477	6,326
Recovery of prior year grants	607	261
	156,299	131,334
Excess of expenses over recoveries and revenues (*note 12*)	$31,169	$16,361

The accompanying notes form an integral part of the financial statements.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended March 31, 1997

	1997	1996
	(thousands of dollars)	
Cash provided by (used for):		
Operating activities		
Excess of expenses over recoveries and revenues	$(31,169)	$(16,361)
Items not involving cash		
Amortization	9,140	9,187
Provision for impared mortgages	5,843	(379)
(Decrease), increase in leave and termination benefits	(538)	344
Gain on disposal of land and buildings	(13,070)	(324)
Mortgage write-off	30,681	8,562
Changes in non-cash operating working capital	35,800	13,559
	36,687	14,588
Financing activities		
Contributions from the Government of the Northwest Tettitories credited to equity	20,769	34,689
Repayment of long-term debt	(1,195)	(1,433)
	19,574	33,256
Investing activities		
Additions to investment in housing projects		
Land and buildings	(32,211)	(42,043)
Mortgages receivable	(53,220)	(16,944)
Additions to property and equipment	(1,492)	(1,850)
Proceeds from disposal of land and buildings	43,582	12,494
Recovery of capital costs from Canada Mortgage and Housing Corporation (*note 10*)	14,906	12,296
Repayment of mortgages receivable	6,177	3,913
	(22,258)	(32,134)
Increase (decrease) in cash	34,003	15,710

Cash at the beginning of the year	26,564	10,854
Cash at the end of the year	$60,567	$26,564
As represented by:		
Cash	$2,050	$6,660
Short-term investments	58,517	19,904
	$60,567	$26,564

The accompanying notes form an integral part of the financial statements.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

STATEMENT OF EQUITY

For the year ended March 31, 1997

	1997	1996
	(thousands of dollars)	
Opening balance previously reported	$120,011	$112,250
Mortgage measurement	-	(10,567)
Balance, as restated	120,011	101,683
Excess of expenses over recoveries and revenues	(31,169)	(16,361)
	88,842	85,322
Contributions from the Government of the Northwest Territories		
Capital contributions used for capital expenditures	19,869	32,979
Contributions provided for loan principal repayments of long-term debt (*note 7*)	531	512
Other capital contributions	369	1,198
	20,769	34,689
Balance at the end of the year	$109,611	$120,011

The accompanying notes form an integral part of the financial statements.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

NOTES TO FINANCIAL STATEMENTS

March 31, 1997

1. Authority, objective and operations

The Northwest Territories Housing Corporation, established in 1974 pursuant to the Northwest Territories Housing Corporation Act, is a Territorial Crown Corporation named in Schedule B to the Financial Administration Act. Its principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

The Corporation participates in various public housing and homeownership programs, some of which are cost-shared with Canada Mortgage and Housing Corporation in accordance with the National Housing Act (NHA). Canada Mortgage and Housing Corporation provides funds under cost-sharing agreements for a specified proportion of expenditures, subject to a maximum amount, on individual projects within each program. A new Social Housing Agreement with the Canada Mortgage and Housing Corporation was signed on April 14, 1997. See Note 15 for further details.

The Corporation is dependent upon the Government of the Northwest Territories, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

2. Significant accounting policies

The Corporation's Financial Statements are prepared in accordance with generally accepted accounting policies. The significant accounting policies are as follows:

(a) Investment in housing projects - land and buildings

Land and buildings constructed by the Corporation are stated at cost, less recoveries from Canada Mortgage and Housing Corporation. Northern rental housing, which has been transferred from the Government of the Northwest Territories, is stated at the transferred amount. Construction in progress includes amounts which may be transferred to land and building for rental or may be transferred to homeowners and a mortgage taken back against the property. These costs includes labour, material and freight. Amortization is provided using the following methods and annual rates. The provisions for amortization begins in the year the building is completed and is taken for the full year.

Public housing, senior citizen's housing and lease purchase housing	Declining 5%
Northern rental housing	Straight-line 5%

(b) Investment in housing projects - mortgages receivable

(i) Mortgage write-off

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagors. Subsidies are expensed at the time the decision is made by the Corporation to subsidize a mortgage.

The mortgage receivable balance represents the present value of the expected future payments from the mortgagors, net of an allowance for impaired mortgages.

(ii) Allowance for impaired mortgages

Mortgages are considered impaired when there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded through the mortgage provision.

(c) Interest Revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment have been recovered.

(d) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance 20%
Warehouses, office buildings and staff housing	Straight-line 5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

(e) Contributions from the Government of the Northwest Territories

Contributions and recoveries from the Government of the Northwest Territories for operations and maintenance are credited to operations, except for those amounts provided for loan principal repayments which are credited to equity. Capital contributions are credited to equity if used for capital expenditures, or to operations if used for repairs, maintenance, grants and other costs.

(f) Recoveries from Canada Mortgage and Housing Corporation

The Corporation recovers from Canada Mortgage and Housing Corporation its share of the contributions to local housing organizations for the operating costs of public housing units built under the various NHA programs. The recovery is shown net of an allowance for administration expenses.

(g) Contributions to local housing organizations

Houses owned by the Corporation are operated by local housing associations and authorities. The Corporation provides contributions for the annual operating requirements of these local housing organizations. These contributions are recorded on an accrual basis by the Corporation.

(h) Pension contributions

The Corporation and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(i) Leave and termination benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which is recorded as benefits accrue to the employees.

3. Short-term investments

The Corporation invests in the short-term money market. The portfolio yield for the year ended March 31, 1997 varied from 2.00% to 5.25% (1996 5.00% to 8.05%). All instruments held in short-term investments have an R-2 high or an AA rating or higher from either the Dominion Bond Rating Service or the Canadian Bond Rating Service. Investments are diversified by limiting them to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment. The average term to maturity is 42 days.

4. Investment in housing projects - land and buildings

	1997			1996
	Cost	Accumulated Amortization	Net	Net
		(thousands of dollars)		
Land	$547	$ -	$547	$568
Public housing	222,847	99,301	123,546	125,596
Northern rental housing	2,686	2,624	62	80
Senior citizens' housing	6,648	1,905	4,743	3,333

Lease/Purchase housing	28,797	2,792	26,005	30,786
Staff housing	677	57	620	463
Construction in progress	14,763	-	14,763	30,485
	$276,965	$106,679	$170,286	$191,311

5. Investments in housing projects - mortgages receivable

	1997	1996
	(thousands of dollars)	
First mortgages, rural and remote housing, bearing interest at rates varying between 0% and 14.25% per annum, repayable over a maximum period of 25 years	$1,894	$532
Less: allowance	(939)	(457)
	955	75
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum of 25 years	17,645	4,454
Less: allowance	(6,172)	(838)
	11,473	3,616
Interim financing, direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum of 25 years	4,495	3,007
Less: allowance	(249)	(222)
	4,246	2,785
	$16,674	$6,476

The recorded value of those mortgages specifically identified as being impared is $7,360,000 (1996 - $1,517,000)

6. Property and equipment

		1997		1996
	Cost	Accumulated Amortization	Net	Net
		(thousands of dollars)		
Warehouses	$14,103	$5,174	$8,929	$8,530
Office furniture and equipment	2,683	1,637	1,046	360
Staff housing	532	462	70	96
Office buildings	162	158	4	13
Construction in progress	21	-	21	580
	$17,501	$7,431	$10,070	$9,579

7. Due to the Government of the Northwest Territories

	1997	1996
	(thousands of dollars)	
Balance at beginning of the year	$1,739	$101
Operating contributions	58,206	62,329
Contributions provided for loan principal repayments of long-term debt	(531)	(512)
Capital contributions used for repairs, maintenance, grants and other cost (note 8)	18,269	12,298
	75,944	74,115
Cost of operations net of unfunded items	72,245	72,477
	3,699	1,638
Balance at end of year	$5,438	$1,739

The Government of the Northwest Territories makes advances to the Corporation for funding operations, principal repayments of long-term debt and repairs, maintenance grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of actual expenditures are due to the Government of the Northwest Territories at year end carried forward as a non-interest bearing advance for the following year.

8. Unapplied capital contributions

	1997	1996
	(thousands of dollars)	
Balance at beginning of the year	$19,566	$19,208
Repayment	-	(4,000)
Capital contributions received	47,011	49,635
	66,577	64,843
Capital expenditures	19,869	32,979
Capital contributions used for repairs, maintenance, grants and other costs (note 7)	18,269	12,298
	38,138	45,277
Balance at end of the year	$28,439	$19,566
Representing unapplied capital contributions for		
1997	$17,131	$ -
1996	10,878	15,076
1995	430	1,227
1994	-	2,660
1993	-	603
	$28,439	$19,566

9. Long-term debt

	1997	1996
	(thousands of dollars)	
NHA Section 82 loans from Canada Mortgage and Housing Corporation, repayable in annual instalments until the year 2033, bearing interest at an average weighted rate of 7.0% (1996 - 7.0%)	$89,669	$90,864
NHA Section 81 loans from Canada Mortgage and Housing Corporation for use in financing costs of land development, repayable when land is removed from inventory, bearing interest at an average weighted rate of 10.9% (1996 - 10.9%)	49	49
	89,718	90,913
Loan from the Government of the Northwest Territories for the provision of Direct Lending Mortgages which is repayable when the program is terminated	1,000	1,000
Loans from the Government of the Northwest Territories for the provision of Interim Financing which is repayable when the program is terminated	1,100	1,100
	91,818	93,013
Portion included in current liabilities	1,279	1,195
	$90,539	$91,818

The loans are guaranteed by the Government of the Northwest Territories.

Principal repayments and interest requirements over the next three years on outstanding loans are as follows:

	Principal	Interest	Total
		(thousands of dollars)	
1998	$1,279	$6,364	$7,643
1999	1,370	6,273	7,643
2000	1,467	6,176	7,643

Long-term debt will be renegotiated in the year 2000.

10. Fair value of financial instruments

The fair value of cash and short-term investments, accounts receivable and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity. Accounts receivable other consists of amounts due from Local Housing Organizations, which represents 60% of the outstanding balance.

The carrying amounts of mortgages of $16,674,000 (1996 - $6,476,000), which is based on discounted cash flows, approximates fair value. This should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

For other financial instruments, the carrying amounts and the fair values are as follows:

	1997		1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$90,539	$93,132	$91,818	$85,132

The fair value of long-term debt is based on the present value of future cash flows discounted at the March 31, 1997 average market rate of interest for the Province of Newfoundland and Government of Canada debt instruments with a similar maturity date, as applicable. These rates are applied because the Government of the Northwest Territories does not issue debt.

11. Recoveries from Canada Mortgage and Housing Corporation

	1997	1996
	(thousands of dollars)	
Recoveries in respect of:		
Operations and maintenance		
Contributions to local housing organizations including interest expense	$44,563	$46,323
Repairs, maintenance, grants and other costs	5,296	4,316
	$49,859	$50,639
Capital		
Additions to land and buildings	$14,906	$12,296

12. Excess of expenses over revenues and recoveries

	1997	1996
	(thousands of dollars)	
Mortgage write-off	$30,681	$8,562
Amortization	9,140	9,187
Provision for mortgage impairment (Principal portion)	5,843	(379)
Long-term portion of leave and termination benefits	(625)	154
Recovery of small capital program grants	(193)	(578)
Recovery of prior year grants	(607)	(261)
Gain on disposal of land and buildings	(13,070)	(324)
	$31,169	$16,361

13. Commitments

(a) The Corporation leases office space and rent supplement public housing units under long-term operating lease agreements and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes which may cause the payments to exceed the basic rental. Of this amount, Canada Mortgage and Housing Corporation will share in the costs of the rent supplement public housing units. The basic rental payments and cost sharing of those payments is as

follows:

	Total	CMHC portion
	(thousands of dollars)	
1998	$9,888	$2,245
1999	8,971	1,845
2000	7,471	1,316
2001	7,127	1,165
2002	7,063	1,123

Rent Supplement leases are renewable after five years for three further five year periods at rates to be determined when renewing.

(b) At March 31, 1997 the estimated cost to complete housing projects in progress was $11,004,000 of which Canada Mortgage and Housing Corporation will share in the approved cost to the extent of $706,000.

14. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business.

15. Subsequent events

On April 24, 1997, the Corporation signed a new Social Housing Agreement with Canada Mortgage and Housing Corporation which will consolidate the management and administration of the social housing programs under the control of the Corporation effective April 1, 1997. This agreement replaces all existing agreements and transfers to the Corporation the management of Canada Mortgage and Housing Corporation Unilateral Programs. The approved funding transferred to the Corporation in 1998 is $91,140,290 and funding will be provided each year subject to the funding expiration date of each project.

16. Comparison with prior year

Certain of the 1996 figures have been reclassified to conform to the presentation adopted.

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

SCHEDULE OF ADMINISTRATION EXPENSES

For the year ended March 31, 1997

	1997	1996
	(thousands of dollars)	
Salaries and benefits	$11,411	$13,106
Building and equipment rentals	1,582	1,730
Travel and relocation	1,535	3,693
Professional and special services	715	543
Communications	374	426
Materials and supplies	253	379
Computer services	199	170
Land title fees and expenses	56	64
Miscellaneous	2	1
	$16,127	$20,112

Northwest Territories Housing Corporation

La Societe d'Habitation des Territories du Nord-Ouest

1996-97 Annual Report

ACCOUNTS RECEIVABLE

For the year ended March 31, 1997

Pursuant to Section 84 of the Financial Administration Act, any asset, debt or obligation written off under Section 82 during the financial year that exceeds $500 must be reported in the annual report of the public agency. During 1996/97, the Northwest Territories Housing Corporation approved for write-off the following tenant rental arrears and other bad debts. Arrears write-offs were approved based on the recommendations made by the Boards of Directors of Local Housing Organizations (LHOs) across the NWT.

It should be noted that rent collection by LHOs has improved significantly in the past few years. The arrears and bad debts write-offs listed below represent aged arrears that may have been on the books of LHOs for many years and are considered uncollectible. Arrears are considered uncollectible for a number of reasons. The tenant may be deceased or has moved and cannot be traced. In some cases, early record keeping has been insufficient to make a case for collection or the arrears are over six years old.

Write-offs - Tenant Rental Arrears

Name	Community	Amount
Koochiajuke, Pitsealak	Iqaluit	1,149.37
Eeyeevadluk, Ooloota	Iqaluit	1,035.13
Okho, Mososie	Iqaluit	2,952.18
Barrieau, Bobby	Iqaluit	3,586.13
Ipeelie, Leetia	Iqaluit	6,052.66
Kipanek, Saila	Iqaluit	5,880.00
Kilabuk, Martha	Iqaluit	12,028.25
Kownirk, Jeanie	Iqaluit	714.00
Pitseoloak, Lucassie	Iqaluit	2,022.67
Taqtaq, Jackie	Pond Inlet	533.97
Komangapik, Levi	Pond Inlet	3,470.14
Cli, Henry	Fort Simpson	2,878.00
Cli, Lucas	Fort Simpson	3,402.00
Isaiah, Stanley	Fort Simpson	625.00
Total		46,329.50

Write-offs - Other

Name	Community	Amount
Haniliak, Jimmy	Cambridge Bay	2,104.47
Oogark, Anthony	Cambridge Bay	8,040.00
Total		10,144.47